



part 2

Audited financial statements



Independent Auditor's Report

To the readers of the Broadcasting Commission's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of the Broadcasting Commission, known as NZ On Air. The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of NZ On Air on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of NZ On Air on pages 25 to 44, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of NZ On Air on pages 7 and 45 to 55.

In our opinion:

- the financial statements:
 - present fairly, in all material respects:
 - › NZ On Air's financial position as at 30 June 2016; and
 - › its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with PBE IPSAS (International Public Sector Accounting Standards for Public Benefit Entities).
- the performance information:
 - presents fairly, in all material respects, NZ On Air's performance for the year ended 30 June 2016, including for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 25 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of NZ On Air's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NZ On Air's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported performance information within NZ On Air's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly NZ On Air's financial position, financial performance and cash flows; and
- present fairly NZ On Air's performance.

The Board's responsibilities arise from the Crown Entities Act 2004.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in NZ On Air.



Chrissie Murray
 Audit New Zealand
 On behalf of the Auditor-General
 Wellington, New Zealand



NZ On Air Statement of comprehensive revenue and expense

for the year ended 30 June 2016

	Note	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
<i>Revenue</i>				
Crown revenue		128,726	128,726	128,726
Other revenue		2,542	2,750	2,932
Total revenue	2	131,268	131,476	131,658
<i>Operating expenditure</i>				
Administration services	3,4	3,420	3,648	3,416
Development & support funding		- 397	- 400	-
Total operating expenditure		3,817	4,048	3,416
<i>Funding expenditure</i>				
Screen content				
National television		81,477	81,371	83,689
Regional television		634	1,350	1,138
Digital media		3,848	3,860	3,464
Sound content				
Public radio		31,816	31,816	31,816
Special interest radio		6,458	6,645	6,376
Music and other content		3,779	4,624	4,631
Total funding expenditure	5	128,012	129,666	131,114
Total expenditure		131,829	133,714	134,530
Net (deficit)/surplus for the year		(561)	(2,238)	(2,872)
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		(561)	(2,238)	(2,872)

Explanations of major variances against budget are provided in Note 21
The accompanying notes form part of these financial statements

NZ On Air

Statement of financial position

as at 30 June 2016

	Note	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
<i>Current assets</i>				
Cash and cash equivalents	6	8,655	1,860	2,309
Investments	7	28,000	37,507	41,500
Debtors and other receivables - interest		178	600	321
Debtors and other receivables - other	8	172	400	21
Total current assets		37,005	40,367	44,151
<i>Non-current assets</i>				
Property, plant and equipment	9	240	367	326
Intangible assets	10	12	13	30
Total non-current assets		252	380	356
Total assets		37,257	40,747	44,507
<i>Current liabilities</i>				
Trade and other payables	11	291	540	518
Employee entitlements	12	123	160	109
Funding liabilities	13	34,927	40,000	41,403
Total current liabilities		35,341	40,700	42,030
Net assets		1,916	47	2,477
<i>Equity</i>				
Equity at 30 June		1,916	47	2,477
Total Equity		1,916	47	2,477

Explanations of major variances against budget are provided in Note 21
The accompanying notes form part of these financial statements

NZ On Air

Statement of changes in equity

for the year ended 30 June 2016

	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
<i>Balance at 1 July</i>	2,477	2,285	5,349
Total comprehensive revenue and expense for the year	(561)	(2,238)	(2,872)
Balance at 30 June	1,916	47	2,477

Statement of cash flows

for the year ended 30 June 2016

	Note	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
<i>Cash flows from operating activities</i>				
Receipts from the Crown		128,726	128,726	128,390
Receipts from other revenue		951	700	819
Interest received		1,713	2,100	2,117
Payments to funded activities		(135,820)	(127,006)	(127,051)
Payments to suppliers and employees		(3,353)	(3,728)	(3,286)
Net GST		650	-	(31)
Net cash from operating activities	14	(7,133)	792	958
<i>Cash flows from investing activities</i>				
Net (payments to)/receipts from investments		13,500	-	(4,500)
Purchases of property, plant and equipment		(21)	(100)	(31)
Net cash flows from investing activities		13,479	(100)	(4,531)
Net increase/(decrease) in cash and cash equivalents		6,346	692	(3,573)
Cash and cash equivalents at 1 July		2,309	1,168	5,882
Cash and cash equivalents at 30 June		8,655	1,860	2,309

Explanations of major variances against budget are provided in Note 21
The accompanying notes form part of these financial statements

Notes to the Financial statements

1. STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2016

Reporting entity

The Broadcasting Commission (NZ On Air) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. The relevant legislation governing NZ On Air's operations includes the Crown Entities Act 2004 and the Broadcasting Act 1989. NZ On Air's ultimate parent is the New Zealand Crown. These financial statements reflect the operations of NZ On Air only and do not incorporate any other entities.

NZ On Air's primary objective is to provide services to the New Zealand public. Our functions and responsibilities are set out in the Broadcasting Act 1989. The primary function is to serve audiences by investing in a wide range of New Zealand television, radio and online content. The purpose is to add a diversity of local content to the almost-limitless range of foreign options available. NZ On Air does not operate to make a financial return.

NZ On Air has designated itself as a public benefit entity (PBE) for financial reporting purposes. These financial statements are for the year ended 30 June 2016 and have been approved by the Board on 25 October 2016.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

These financial statements have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Standards issued and not yet effective and not early adopted

In 2015, the External Reporting Board issued Disclosure initiative (Amendment to PBE IPASA 1), 2015 Omnibus Amendments to PBE Standards, and Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. NZ On Air will apply these amendments in preparing its 30 June 2017 financial statements. NZ On Air expects there will be no effect in applying these amendments.

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables in the statement of financial position. These are presented on a GST inclusive basis.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables, as appropriate.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

NZ On Air is exempt from the payment of income tax (s51 Broadcasting Act 1989) therefore no charge for income tax has been provided for.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those we have adopted for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant, and equipment - refer to Note 9.
- Useful lives of intangible assets - refer to Note 10.

Critical judgements in applying our accounting policies

We have exercised the following critical judgements in applying our accounting policies for the period ended 30 June 2016:

- Funding expenditure - refer to Note 5.
- Funding liabilities - refer to Note 13.

Breakdown of other revenue and further information

Sales of television programmes and music

Interest revenue

Other revenue

Total other revenue

2. REVENUE

Accounting policy

The specific accounting policies for significant revenue items are explained below:

Revenue from the Crown

We are primarily funded through revenue received from the Crown, restricted in its use for the purpose of meeting our objectives as specified in the Broadcasting Act 1989 and the scope of appropriation of the funder.

We consider there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Interest revenue

Interest revenue is recognised using the effective interest method.

Television programme and music revenue

Our share of net revenue from sales of television and music projects that we have funded is recognised when it is earned to the extent that information is available to us at that time.

	Actual 2016 \$000	Actual 2015 \$000
Sales of television programmes and music	940	692
Interest revenue	1,570	2,208
Other revenue	32	32
Total other revenue	2,542	2,932

3. PERSONNEL COSTS

Accounting policy

Superannuation schemes

Obligations for contributions to Kiwisaver and State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

Breakdown of personnel costs and further information

	Actual 2016 \$000	Actual 2015 \$000
Salary and wages	1,908	1,838
Kiwisaver employer contributions	75	87
Increase/(decrease) in employee entitlements	(1)	(2)
Total personnel costs	1,982	1,923

Employee Remuneration

Employee remuneration (salary, bonuses and other benefits such as superannuation) paid or payable during the year was:

	Number of Employees 2016	Number of Employees 2015
\$100,000 - \$109,999	1	1
\$110,000 - \$119,999	2	2
\$130,000 - \$139,999	-	2
\$140,000 - \$149,999	2	-
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	-	1
\$330,000 - \$339,000	-	1
\$350,000 - \$359,000	1	-

During the year ended 30 June 2016, no employees received benefits in relation to cessation (2015: Nil).

Board member remuneration

The Board fees paid or payable during the year were:

	Actual 2016 \$000	Actual 2015 \$000
Miriam Dean – Chair (appointed April 2012)	40	40
Helen Grattan (appointed January 2016)	10	-
Ian Taylor (appointed July 2015)	17	-
John McCay (appointed May 2016)	3	-
Stephen McErea (retired December 2015)	9	19
Caren Rangī (retired April 2016)	16	19
Ross McRobie (reappointed June 2014)	19	19
Kim Wicksteed (appointed January 2013)	19	19
Donna Grant (resigned October 2014)	-	4
Total Board fees	133	120

Payment of \$8,125 was made to the independent members of the Audit and Risk Committee during the financial year. (2015:\$6,313).
We held Directors and Officers liability cover during the financial year in respect of the liability or costs of Board members and employees.

4. OTHER EXPENSES

Accounting policy

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight line basis over the term of the lease.

Breakdown of other expenditure and operating leases and further information

Other expenditure

	Actual 2016 \$000	Actual 2015 \$000
Legal, public relations and expert advice	270	288
Other costs	550	601
Travel and communication	132	129
Board members fees	133	120
Rent	177	176
Depreciation	107	111
Amortisation	18	18
Audit fees - Financial statement audit	51	50
Total other expenditure	1,438	1,493

Operating leases as lessee

	Actual 2016 \$000	Actual 2015 \$000
Not later than one year	109	141
Later than one year and not later than two years	98	109
Later than two years and not later than five years	105	203
Total non-cancellable operating leases	312	453

Operating lease commitments reflects the Auckland office lease agreement and a 70% share of the Wellington office lease agreement. The Wellington office lease agreement is jointly signed with BSA. The balance of 30% is reflected in the BSA financial statements.

5. FUNDING EXPENDITURE

Accounting policy

Funding expenditure is discretionary funding where NZ On Air has no obligations to award funding on receipt of the funding application. It is recognised as expenditure when:

- the funding has been approved by the Board;
- the funding recipient has been advised;
- there are no substantive contractual conditions for the funding recipient to fulfill; and
- it is probable (more likely than not) that the funded proposal will be completed.

Critical judgments in applying accounting policies

Funding expenditure

We have exercised judgement in developing our funding expenditure accounting policy as there is no specific accounting standard for funding expenditure.

With the recent introduction of the new PBE Accounting Standards, there has been debate on the appropriate framework to apply when accounting for such expenditure.

We are aware that the need for a clear standard or authoritative guidance on accounting for grant expenditure has been raised with the New Zealand Accounting Standards Board. Further information about funding expenditure is disclosed in the statement of service performance.

We note below our view of what constitutes a substantive contractual condition which, once fulfilled, results in the funding being recognised as expenditure. Although the underlying contracts usually set out milestones, these are for administrative purposes. The recipient already has a valid expectation that funding will be paid.

Although from time to time an approved project with no substantive conditions to fulfill does not go ahead, such projects are rare. Based on experience we judge it is probable that all approved commitments at 30 June without substantive contractual conditions to fulfill will be completed.

The substantive contractual condition that means a funding commitment cannot be recorded as expenditure is where the Board approval is subject to confirmation of third party funding, and that funding is not in place at balance date.

Breakdown of funding expenditure and further information

National television funding expenditure¹

	Actual 2016 \$000	Actual 2015 \$000
General contestable fund	67,672	69,146
Platinum fund	15,388	15,180
Sub-total national television funding expenditure	83,060	84,326
Less approved funds not utilised so written back	(833)	(772)
Plus impact of prior year approved funds recognised as expenditure in current year when substantive contractual conditions had been met	-	135
Less current year approved funds unable to be recognised as expenditure in current year until substantive contractual conditions have been met (excludes write backs)	(750)	-
Total national television funding expenditure	81,477	83,689

¹ Further detail on funding by genre and hours is in the Statement of Performance on page 50.

	Actual 2016 \$000	Actual 2015 \$000
<i>Regional television funding expenditure</i>		
Local news and information	739	1,143
Sub-total regional television funding expenditure	739	1,143
Less approved funds not utilised so written back	(105)	(5)
Total regional television funding expenditure	634	1,138
<i>Digital media funding expenditure</i>		
Digital - Digital Media Trust	1,257	1,400
Digital - Digital media	2,825	2,035
Sub-total digital media funding expenditure	4,082	3,435
Less approved funds not utilised so written back	(237)	-
Plus impact of prior year approved funds recognised as expenditure in current year when substantive contractual conditions had been met	3	29
Total digital media funding expenditure	3,848	3,464
<i>Public radio funding expenditure</i>		
Radio New Zealand	31,816	31,816
Total public radio funding expenditure	31,816	31,816
<i>Special interest radio funding expenditure</i>		
Access and special interest radio	2,458	2,440
Pacific radio	3,440	3,430
Commercial radio: Spoken content	572	540
Sub-total special interest radio funding expenditure	6,470	6,410
Less approved funds not utilised so written back	(12)	(34)
Total special interest radio funding expenditure	6,458	6,376

	Actual 2016 \$000	Actual 2015 \$000
<i>Music & other content funding expenditure</i>		
Music content	3,863	4,697
Resound - NZ classical music initiative (SOUNZ)	130	130
Sub-total music funding expenditure	3,993	4,827
Less approved funds not utilised so written back	(204)	(196)
Less current year approved funds unable to be recognised as expenditure in current year until substantive contractual conditions have been met (excludes write backs)	(10)	-
Total music funding expenditure	3,779	4,631

6. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents includes cash on hand and deposits held on call with banks with original maturities of three months or less.

	Actual 2016 \$000	Actual 2015 \$000
<i>Breakdown of cash and cash equivalents and further information</i>		
Cash	97	67
Call and short term deposits	8,558	2,242
Total cash and cash equivalents	8,655	2,309

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.



7. INVESTMENTS

Accounting policy

Bank deposits

Investments in bank deposits are measured at fair value less transaction costs. For bank deposits, impairment is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payment are all considered indicators that the deposit is impaired.

Breakdown of investments and further information

Term deposits

Total investments

The carrying value of term deposits approximates their fair value.

The maturity dates and weighted average effective interest rates for term deposits are as follows:

	Actual 2016 \$000	Actual 2015 \$000
Term deposits with maturities greater than 3 months and less than 6 months*	20,000	33,500
Term deposits with maturities of 6 months and over*	8,000	8,000
Weighted average effective interest rate	3.19%	4.24%

*At 30 June 2016 average term is 136 days (30/6/15: 136 days)

Term deposit investments at 30 June 2016 are invested at fixed rates ranging from 3.05% - 3.3%. These deposits are measured at amortised cost, so an increase or decrease in interest rates during the period would not impact the measurements of the investments and hence there would be no impact on the surplus/deficit or equity.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates would expose us to cash flow interest rate risk. We have no variable interest rate investments.

Sensitivity analysis

At 30 June 2016, had interest rates on our term deposits been 50 basis points higher or lower, with all other variables held constant, the surplus would have been \$157,500 higher/lower (2015: \$216,727).

8. DEBTORS AND OTHER RECEIVABLES - OTHER

Accounting policy

Debtors and other receivables are measured at fair value less any provision for impairment. Impairment of a receivable is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the receivable. Significant financial

difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payment are all considered indicators that the debtor is impaired. Any impairment losses are recognised in the statement of comprehensive revenue and expense.

Breakdown of debtors and other receivables and further information

GST refund

Other receivables

Total debtors and other receivables - other

	Actual 2016 \$000	Actual 2015 \$000
GST refund	130	-
Other receivables	42	21
Total debtors and other receivables - other	172	21

The carrying value of other receivables approximates their fair value. We expect to recover the full amount of our receivables within the next 12 months.

9. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment asset classes consist of computer equipment, office equipment, furniture and fittings, and leasehold improvements. Property, plant and equipment are shown at cost, less accumulated depreciation and any impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control of the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive revenue & expense.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive revenue & expense as they are incurred.

Depreciation

Depreciation is provided on a straight line basis on all property plant and equipment at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates have been estimated as follows:

Computer equipment	3 years	33.3%
Office equipment	5 years	20.0%
Furniture and fittings	6 years	16.7%
Leasehold improvements	6 years	16.7%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the statement of comprehensive revenue and expense, any subsequent reversal of an impairment loss is recognised in the statement of comprehensive revenue and expense.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where we would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Capital commitments

There are no capital commitments as at 30 June 2016 (2015: Nil).

Breakdown of property, plant and equipment and further information

Movements for each class of property, plant and equipment are as follows:

	Computer equipment \$000	Furniture & fittings \$000	Office equipment \$000	Leasehold improvements \$000	Total \$000
Cost					
Balance at 1 July 2014	245	109	29	298	681
Additions	31	-	-	-	31
Disposals	(6)	-	-	-	(6)
Balance at 30 June 2015	270	109	29	298	706
Balance at 1 July 2015	270	109	29	298	706
Additions	13	4	5	-	22
Disposals	(4)	-	-	-	(4)
Balance at 30 June 2016	279	113	34	298	724
Accumulated depreciation and impairment losses					
Balance at 1 July 2014	171	30	18	56	275
Depreciation	43	16	3	49	111
Eliminate on disposal	(6)	-	-	-	(6)
Balance at 30 June 2015	208	46	21	105	380
Balance at 1 July 2015	208	46	21	105	380
Depreciation	41	15	4	47	107
Eliminate on disposal	(3)	-	-	-	(3)
Balance at 30 June 2016	246	61	25	152	484
Carrying value					
At 30 June & 1 July 2014	74	79	11	242	406
At 30 June & 1 July 2015	62	63	8	193	326
At 30 June 2016	33	52	9	146	240

10. INTANGIBLE ASSETS

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of our website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue & expense.

The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Acquired/ developed computer software	5 years	20%
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Breakdown of intangible assets and further information

Acquired computer software

	Actual 2016 \$000	Actual 2015 \$000
<i>Cost</i>		
Balance at 1 July	87	87
Balance at 30 June	87	87

Accumulated amortisation and impairment losses

Balance at 1 July	57	39
Amortisation	18	18
Balance at 30 June	75	57

Carrying value

At 1 July	30	48
At 30 June	12	30



11. CREDITORS AND OTHER PAYABLES

Accounting policy

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Breakdown of creditors and other payables and further information

	Actual 2016 \$000	Actual 2015 \$000
GST payable	-	155
Accrued expenses	291	363
Total creditors and other payables	291	518

Creditors and other payables are non-interest bearing and are normally settled on less than 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

12. EMPLOYEE ENTITLEMENTS

Accounting policy

Employee benefits

Employee entitlements that we expect to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

We recognise a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that we anticipate it will be used by staff to cover those future absences.

We recognise a liability and an expense for bonuses where we are contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Breakdown of Employee entitlements and further information

	Actual 2016 \$000	Actual 2015 \$000
Accrued salaries and wages	14	-
Annual leave	109	109
Total employee entitlements	123	109

13. FUNDING LIABILITIES

Accounting policy

Provisions

We recognise a liability for funding expenditure when the following conditions have been met:

- (a) The expenditure has been formally approved
- (b) The funding recipient has been advised
- (c) There are no substantive contractual conditions for the funding recipient to fulfill
- (d) It is probable (more likely than not) that the funded proposal will be completed and that our obligation will crystallise.

At 30 June funding liabilities in the balance sheet include both contracted liabilities and liabilities that are uncontracted but have no substantive contractual conditions unfulfilled. The amount recorded for the uncontracted liabilities is the amount approved by the Board.

Breakdown of funding liabilities and further information

The value of our funding liabilities is as follows (all current as all expected to be paid in the next 12 months):

	Actual 2016 \$000	Actual 2015 \$000
National television	30,400	36,805
Regional television	261	305
Digital media	1,343	1,521
Special interest radio	406	211
Music & other content	2,334	2,561
Development & support	183	-
Total funding liabilities	34,927	41,403

Movements for each class of funding liabilities are as follows:

	National Television \$000	Regional Television \$000	Digital media \$000	Special interest Radio \$000	Music & other content \$000	Development & support \$000	Total \$000
Balance at 1 July 2015	36,805	305	1,521	211	2,561	-	41,403
Additional provisions made	82,310	739	4,085	6,470	3,993	397	97,994
Amounts used	(87,882)	(678)	(4,026)	(6,263)	(4,016)	(214)	(103,079)
Unused amounts reversed	(833)	(105)	(237)	(12)	(204)	-	(1,391)
Balance at 30 June 2016	30,400	261	1,343	406	2,334	183	34,927



14. RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2016 \$000	Actual 2015 \$000
<i>Net surplus/(deficit) from operations</i>	(561)	(2,872)
<i>Add non-cash items:</i>		
Depreciation/amortisation	125	129
Total non-cash items	125	129
<i>Add/(less) movements in working capital items:</i>		
Decrease/(increase) in accounts receivable	122	4
(Decrease)/increase in GST payable	(285)	148
(Decrease)/increase in accounts payable (incl. employee entitlements)	(58)	(335)
(Decrease)/Increase in funding liabilities	(6,476)	3,884
Net movement in working capital items	(6,697)	3,701
Net cash inflow/(outflow) from operating activities	(7,133)	958

15. CONTINGENT LIABILITIES

At 30 June 2016 we have contingent liabilities totaling \$0.76m (2015: \$0.003m). These are the result of decisions made to fund certain projects. High level agreements have been entered into with providers, but individual projects have not yet been contracted.

16. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Related party transactions

NZ On Air is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect NZ On Air would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

Key management personnel compensation

	Actual 2016 \$000	Actual 2015 \$000
Board Members Remuneration	133	120
Full-time equivalent members*	0.1	0.1
Leadership Team Remuneration	1,265	1,188
Full-time equivalent members	7	7
Total key management personnel compensation	1,398	1,308
Total full time equivalent personnel	7.1	7.1

*NZ On Air Board meets 6 times per year, each meeting taking approximately 1 day. Individual pre meeting reading time is additional.

17. EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

18. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 29 categories are as follows:

	Actual 2016 \$000	Actual 2015 \$000
<i>Loans and receivables</i>		
Cash and cash equivalents	8,655	2,309
Debtors and other receivables	350	342
Investments – term deposits	28,000	41,500
Total loans and receivables	37,005	44,151
<i>Financial liabilities measured at amortised cost</i>		
Creditors and other payables	35,341	42,030
Total financial liabilities measured at amortised cost	35,341	42,030



19. FINANCIAL INSTRUMENT RISKS

Our activities expose us to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. We have a series of policies to manage the risks associated with financial instruments that seek to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature.

- Market risk - refer to note 7
- Cash flow interest rate risk - refer to note 7
- Sensitivity analysis - refer to note 7

Credit risk

Credit risk is the risk that a third party will default on its obligations to us, causing us to incur a loss. Due to the timing of our cash inflows and outflows we invest surplus cash with registered banks. Our treasury policy limits the amount of credit exposure to any one institution.

Our maximum credit exposure for each class of financial instrument is represented by the total carrying value of our cash and cash equivalents (note 6), investments (note 7) and accounts receivable (note 8). There is no collateral held against these financial instruments.

20. CAPITAL MANAGEMENT

Our capital is our equity, which comprises accumulated funds. Equity is represented by net assets.

We are subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

We have no significant exposure to concentrations of credit risk as we have a small number of debtors and we only invest with registered banks with specified Standard and Poor's or Moody's credit ratings.

Our bank deposits and short term investments are spread across six institutions.

Liquidity risk

Liquidity risk is the risk we will encounter difficulty raising funds to meet our commitments as they fall due. We expect to receive 2015/16 Crown funding in equal installments on the first working day of each month from July 2015 to June 2016. In addition, at 30 June 2016 we hold call and term deposits that will mature within the 2016/17 financial year totalling \$36.558m (2015: \$43.742m).

We have funding liabilities of \$34.927m at 30 June (2015: \$41.403m). We expect these to be paid by 30 June 2017. Most of these payments will be made on the achievement of milestones or activities whose timing is not specified rather than on contractual dates.

We manage our equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure we effectively achieve our objectives and purpose, whilst remaining a going concern.

21. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations of significant variances against budgeted figures in our Statement of Intent are as follows:

Statement of comprehensive revenue and expense

	Actual 2016 \$000	Budget 2016 \$000	Difference \$000	Explanation of significant variances
Funding expenditure	128,012	129,666	(1,654)	Significant variances are: <ul style="list-style-type: none"> Regional Television Funding (-\$716k). Station closures occurred after the budget was agreed; and Music Funding (-\$845k). Due to a budgeted programme finishing this year and lower spending on promotion as new strategies for music funding and promotions were being developed.

Statement of financial position

	Actual 2016 \$000	Budget 2016 \$000	Difference \$000	Explanation of significant variances
Total assets	37,257	40,747	(3,490)	Cash and Investments (-\$2.712m): Contract payment dates occurring slightly early than forecast. Debtors and Receivables (-\$0.65m): Lower accrued interest at year end and better collection rates.
Total liabilities	35,341	40,700	(5,359)	Funding Liabilities (-\$5.073m): Contract payment dates occurring slightly early than forecast.
Equity:				
Opening	2,477	2,285	192	Opening balance for equity lower than forecast. The forecast was completed in April 2015, before the end of the 2014/15 financial year.
Movement	(561)	(2,238)	1,676	Movement in equity variance is due to a lower deficit for the year than forecast for the reason explained above under Funding Expenditure.
Closing	1,916	47	1,869	

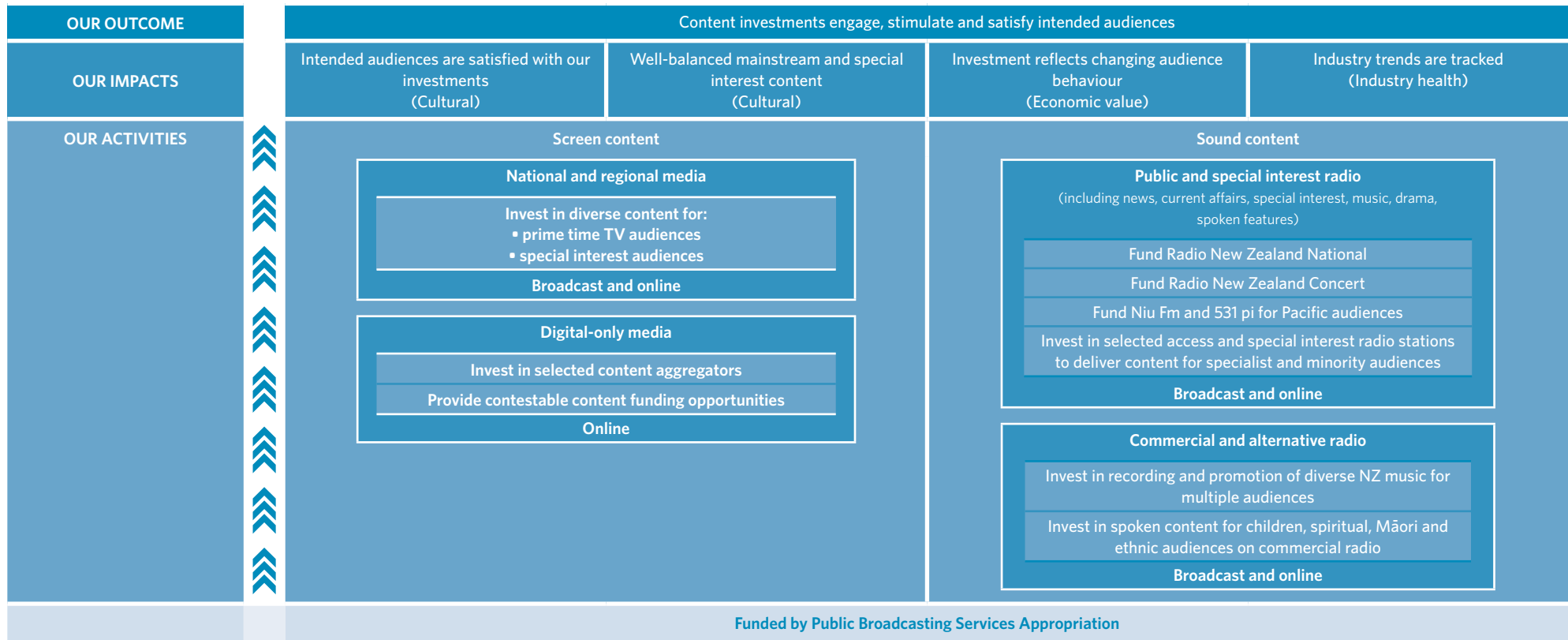


Statement of Service performance for the year ended 30 June 2016

The statements in this section provide the detailed results against targets, budgets and performance measures for the year ended 30 June 2016 as set out in our Statement of Performance Expectations for the year ending 30 June 2016. There is one output split into two activities: screen content (television and digital media) and sound content (radio and music).

Over-arching sector outcomes framework against which we develop our activities.

Figure 1: Outcomes framework



Our work contributes to wider cultural sector outcomes and current government priorities.

Government priorities	Responsibly manage the Government's finances	Build a more productive and competitive economy	Rebuild Christchurch	Deliver better public services within tight financial constraints
Cultural sector outcomes	Cultural activity flourishes (Create)	Our culture can be enjoyed by future generations (Preserve)	Engagement in cultural activities is increasing (Engage)	Cultural activities achieve excellence (Excel)

Summary of revenue and expenditure

	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000
Crown revenue	128,726	128,726	128,726
Other revenue	2,542	2,750	2,932
Total Revenue	131,268	131,476	131,658
Funding commitments	128,409	130,066	131,114
Administration expenditure	3,420	3,648	3,416
Total Expenditure	131,829	133,714	134,530

EFFECTIVENESS INDICATORS

These are qualitative indicators to measure impact. They assess how media audiences respond to a balanced range of investments. If target audiences respond well, platforms are encouraged to play more local content and more diverse local content. In turn, creative risk-taking is enhanced.

Our effectiveness measures include audience **appreciation**, the size of the audience **reach**, the **professional quality** of the content produced, **diversity** of content and target audiences, the **capability** of the sector, how we increase **knowledge** in the sector and the size of the **non-government investment** (as an indicator of industry health).

Impact 1: Cultural					
Intended audiences are generally satisfied with our investments					
Key Performance Measures	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	Link to SOI strategies
The majority of New Zealanders believe NZ On Air supports local content important to New Zealanders					Better understand our intended audiences' needs
Television content	75%	75%	73%	75%	
Radio content	70%	72%	68%	68%	
70% of all funded prime time content on TV One, TV2 and TV3 is watched by large audiences (>200,000)	65% ²	70%	* ³	*	
Most people aware of NZ On Air's support for television content like that content	69%	70%	*	*	Maintain a balance of varied mainstream and special interest content
The majority of New Zealanders agree that Radio New Zealand broadcasts programmes of interest to a wide cross-section of New Zealanders	84%	88%	85%	85%	
The majority of Pacific people agree that <i>Niu FM</i> and <i>531pi</i> broadcast culturally relevant content ⁴	Niu FM 84% 531pi 91%	75%	*	*	
Making Tracks funded songs will achieve a targeted average number of plays on:					Seek more mileage for music
Radio	258	750	256	*	
Music TV	12	150	30	*	
Online	120,783 ⁵	65,000	47,975	*	Ensure a sound business case supports each funding decision
Almost all completed productions are accepted for broadcast or uploading	99%	99%	99%	99%	

2 Time period 1800-2230 and excludes repeats.

3 *new measure

4 Only Pacific people surveyed who listen to *Niu FM* or *531pi* were asked this question.

5 Average YouTube + Spotify plays for 97 projects completed and released by 30 June 2016.

Impact 2: Cultural

Well-balanced mainstream and special interest content

Key Performance Measures	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	Link to SOI strategies
More than half of television contestable fund expenditure is for prime time content	63%	50%	64%	54%	<i>Maintain a balance of varied mainstream and special interest content</i>
Allocated funding for special interest audiences exceeds one quarter of total national television funding	37%	30%	*	*	
Surveys of a special interest audience are carried out at least every two years to assess target audience satisfaction with funded content	n/a	0 ⁶	Achieved	*	
More than half Making Tracks songs are intended for mainstream audiences	58%	60%	56%	58%	
<i>For Making Tracks projects designated Commercial:</i>					
% of songs that achieve a Radio Scope NZ40 Airplay Chart peak	47%	65%	14%	27%	
% of songs that achieve a Radio Scope Top 40 Music Television Chart peak	16%	25%	32%	20%	
<i>Making Tracks projects designated Alternative:</i>					
% of songs that achieve a Radio Scope Alt 40 Airplay Chart peak	52%	60%	50%	23%	
% of songs that achieve a Radio Scope Top 40 Music Television Chart peak	0%	20%	0%	7%	
Funded special interest radio broadcasts programmes in a range of different languages including Pacific languages	42 (9 Pacific)	40 (9 Pacific)	Achieved	*	<i>Foster greater collaboration in community radio</i>

6 Next project 2016/17

Impact 3: Economic					
Investment reflects changing audience behaviour					
Key Performance Measures	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	Link to SOI strategies
Audience response to funded television projects is tracked to inform future investment decisions	100%	100%	100%	*	Ensure a sound business case supports each funding decision
Increase investment in online content and platforms as New Zealand audiences grow	3%	3%	2.6%	2%	Test different and diverse digital initiatives
One international funding partnership is secured for digital media funding	2	1	1	*	Explore and maximise digital opportunities

Impact 4: - Industry Health					
Industry trends are tracked					
Key Performance Measures	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	Link to SOI strategies
Enough qualified content partners ⁷ means demand for funding continues to exceed supply. % of successful applications for:					Ensure a sound business case supports each funding decision
Television	65%	75%	73%	*	
Music	17%	20%	19%	*	
Digital	10%	10%	9%	*	
Published research or reports inform stakeholders about media marketplace activity	4	2	Achieved	*	Be a respected source of information and expertise
First run free to air television hours not funded by NZ On Air as a % of all local content (non-Govt investment) ⁸	84%	At least 75%	77%	*	
NZ music content on commercial radio and music television achieves the NZ Music Code target ⁹	14.6%	20%	17.16%	17.47%	More mileage for music
There is an increasing % of NZ music on alternative radio ¹⁰	47.23%	40%	42.42%	38.99%	

7 Partners who meet our funding criteria.

8 Calendar year. Excludes publicly-funded Māori Television.

9 Target % of NZ music on radio stations bound by the Radio Broadcasters Association NZ Music Code.

10 Student radio and other alternative format stations.

ACTIVITY 1: SCREEN CONTENT

Activity objective

Invest in diverse, relevant content; maximise available funding through skilful investment and collaboration opportunities; explore and maximise digital opportunities.

Detailed measures

The table below details the annual national television funding targets and expenditure and performance against those targets.

National television	Hours				\$'000			
	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
General contestable fund								
Drama/Comedy	97	104	114	71.5	26,876	27,445	27,894	23,027
Documentary/Factual	74.2	63	69	90	7,451	7,400	8,448	8,979
Children & Young People	370.5	354.6	379.6	368.5	14,366	13,894	15,063	15,190
Māori Programmes	38.8	31.5	39	45	3,775	3,600	4,009	4,509
Arts/Culture/Identity	23.6	11.5	52.5	29	1,832	1,084	2,214	1,982
Minorities	143.3	137.5	126	143.5	7,970	7,823	6,677	8,121
Disability services	29	18	19	19	4,962	4,754	4,526	4,690
Development	-	-	-	-	440	260	315	438
Total general fund	776.4	720.1	799.1	766.5	67,672	66,260	69,146	66,936
Platinum fund								
Drama	6	106.5	6	8	8,136	15,111	6,419	8,858
Documentary	111.5		110.5	101	6,112		8,761	5,901
Current Affairs	3		-	1	1,140		-	211
Special interest								
Total Platinum fund	120.5	106.5	116.5	110	15,388	15,111	15,180	14,970
Total national television	896.9	826.6	915.6	876.5	83,060	81,371	84,326	81,906
Net effect of write-backs and accounting adjustments for timing differences	-	-	-	-	(1,583)	-	(637)	(1,114)
Total national television	896.9	826.6	915.6	876.5	81,477	81,371	83,689	80,792



Regional television

Hours

\$'000

	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
Local news and information	465 ¹¹	710	703	844	739	1,350	1,143	1,262
Net effect of write-backs and accounting adjustments for timing differences	-	-	-	-	(105)	-	(5)	(23)
Total regional television	465	710	703	844	634	1,350	1,138	1,239

Digital media

\$'000

	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
Contestable digital media fund			865	949
Digital platforms	4,082	3,860	1,400	1,130
General			1,170	525
Total	4,082	3,860	3,435	2,604
Net effect of write-backs and accounting adjustments for timing differences		(234)	29	(46)
Total Digital media	3,848	3,860	3,464	2,558

¹¹ The decrease against target is due to stations closure which occurred after the budget was confirmed.

ACTIVITY 2: SOUND CONTENT

Activity objective: invest in diverse, relevant content; maximise available funding through skilful investment and collaboration opportunities; explore and maximise digital opportunities.

The impact measures above are focused on the results of our funding (outcomes). The detailed investment measures and targets below show how we allocated funding to the various sound content areas (outputs).

Sound content investment measures and targets

1. Public radio

Radio New Zealand: Qualitative measures

Ensure Radio New Zealand provides programme types specified in the Broadcasting Act 1989:

		2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
RNZ National	Māori Language and Culture (Hours)	114 ¹²	350	389	364
	Special Interest (Hours)	939	400	484	472
	NZ Drama, Fiction and Comedy (Hours)	255	250	279	302
	% of NZ music on rotate	34%	33%	34.7%	34%
	% of population able to receive transmission	94%	97%	97%	97%
RNZ Concert	% of NZ composition	4.2%	3.5%	4.4%	4.3%
	% of NZ music performance	17%	16%	16.4%	17.0%
	% of population able to receive transmission	89%	92%	92%	92%
Total Radio New Zealand funding provided (\$'000)		31,816	31,816	31,816	31,816

¹² This measure was revised during the year. The actual results for 2015/16 relate to stand-alone programmes broadcast on RNZ National focused exclusively on Māori content. Previously and in the forecast hours, the measure also included Māori language and content broadcast as part of general programming. Also, from quarter 3 2015/16 broadcast hours for Te Manu Korihi news were integrated with the mainstream news service. These were previously scheduled separately (approx 10 hours per quarter).



2. Community Radio

		Hours				\$'000			
Community Radio		2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
Access and special interest radio		24,806	24,000	25,274	24,673			2,440	2,473
Pacific Radio	Samoa Capital Radio							180	180
	Niu FM and 531pi	17,400	15,500	19,537	15,468	5,898	6,050	3,250	3,250
	Total broadcast hours			>4,160					
	Hours of programming in at least 9 Pacific languages	4,680							
Total		42,206	39,500	44,811	40,141	5,898	6,050	5,870	5,903
Net effect of write-backs and accounting adjustments for timing differences		-	-	-	-	(2)	-	(14)	(7)
Total community radio		42,206	39,500	44,811	40,141	5,896	6,050	5,856	5,896

3. Commercial and alternative radio

		Hours				\$'000			
Spoken content		2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
Children and young people		286.5	212	156	265	275	305	337	396
Spiritual		54	60	62	60	75	140	118	117
Ethnic/special interest		208	104	7	104	147	75	10	70
Māori issues (English language)		96	96	96	96	75	75	75	75
Total		644.5	472	321	525	572	595	540	658
Net effect of write-backs and accounting adjustments for timing differences		-	-	-	-	(10)	-	(20)	-
Total spoken content		644.5	472	321	525	562	595	520	658

4. New Zealand music

Quantity¹³

\$'000

	Quantity ¹³				\$'000			
	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
Music funding								
Commercial projects funded	133	At least 120	133	139	1,995	2,000	2,054	2,028
Alternative projects funded	95	At least 80	106	99				
Music promotion	66	61	64	23	1,998	2,624	2,773	2,649
Sub-total music	294	-	303	261	3,993	4,624	4,827	4,677
Net effect of write-backs and accounting adjustments for timing differences	-	-	-	-	(214)	-	(196)	(876)
Total music	294	-	303	261	3,779	4,624	4,631	3,801

¹³ Projects funded are a video or a song plus a video. We cannot separately forecast which type of application will be received.

3.1 EFFICIENCY INDICATORS

We make investment decisions using nine consistent principles to ensure good decision making in a volatile creative environment. To minimise overheads, good service delivery and processes are also crucial. This allows us to maximise investment in content.

Goal 1: We make the right decisions using good processes					
SOI strategy: Ensure a sound business case supports each funding decision					
<i>Efficiency measures</i>	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual	<i>Investment principle¹⁴</i>
Investment processes are objective, based on current policy, and include a robust assessment of the application	100%	100%	100%	100%	<i>Cultural value Content balance Risk Competition Value for money No duplication Leverage Partner capability</i>
Investment decision or process with a significant adverse judicial review or Ombudsman finding	0	0	0	0	<i>Fairness</i>
Goal 2: Our funding management processes serve industry clients efficiently and well					
% of complete applications received by deadline that are determined at the next funding round	100%	100%	100%	100%	<i>Fairness Value for money</i>
% of funding decisions notified to applicants within 5 working days of decision	100%	100%	100%	100%	
% of funding contracts correctly issued within 15 working days once conditions precedent are met	100%	100%	100%	100%	
% of funding payments correctly made within 10 working days of receiving a valid invoice once contract conditions are met	100%	100%	100%	100%	
Goal 3: We minimise overheads to maximise investment funds					
Administration costs are a low % of total revenue	2.6%	<3%	2.6%	2.6%	<i>Value for money</i>

14 See the Statement of Intent p8. <http://www.nzonair.govt.nz/corporate-document-library/statement-of-intent-2014-2018/>

3.3 ANNUAL ORGANISATIONAL HEALTH AND CAPABILITY INDICATORS

We are a small entity of 18 staff and rely on our staff being skilled, multi-functional and adaptable. We have formal good employer and personnel policies and a commitment to equal employment opportunities.

We measure ourselves against the key elements of the Human Rights Commission's Good Employer framework. This includes regular staff and management meetings, annual performance assessments, consideration of professional development needs and flexible work practices where appropriate.

Gender	2015/16	%	2014/15
Female	13	72%	12
Male	5	28%	6
Ethnicity			
Māori	2	11%	2
Pacific Island	0	0%	0
Asian	2	11%	2
Pakeha/European	14	78%	14
Age profile	Information not collected due to privacy considerations in a small team		
Disability profile	No employees disclose a disability		



Health and capability performance measures

Goal	Measure	2015/16 Actual	2015/16 Target	2014/15 Actual	2013/14 Actual
Focus recruitment, training and remuneration policies on attracting and retaining skilled, flexible, efficient and knowledgeable team players	Full time staff turnover is low	3 ¹⁵	<3	Achieved	Achieved
	Individual staff training needs are assessed annually	100%	100%	100%	100%
	External salary comparisons conducted regularly to ensure staff are paid fairly	Not commenced ¹⁶	Some positions assessed	Next review scheduled for 15-16	Some positions assessed
Ensure staff are committed to the agency and its work	Staff engagement surveys conducted at least bi-annually; results target to be in the top quartile of the cultural sector	Survey conducted May 2015	Not measured	Survey conducted May 2015	Biannual
Ensure our office environment and equipment are safe and well maintained	Reported safety hazards attended to promptly, significant hazards attended to immediately	Achieved	Achieved	Achieved	Achieved
	Zero tolerance of harassment, bullying and discrimination. Immediate investigation if instances are reported	Achieved. No instances.	Achieve	Achieved	Achieved
	All employees have an ergonomically suitable workspace	100%	100%	100%	100%
Incorporate equal employment opportunity principles in staff selection and management, to achieve as diverse a workforce as possible within the limits of our small size	EEO Principles included in all relevant documents and practices	100%	100%	100%	100%
	A workforce diversity summary is included in the Annual Report	Achieved	To Achieve	Achieved	*

¹⁵ Two long-serving staff members retired during the year.

¹⁶ This is being considered as part of a full organisational review currently in progress.

3.4 MINISTERIAL DIRECTION RECEIVED AND PROGRESS REPORT

As required by section 151(f) of the Crown Entities Act 2004 we report that, on 13 May 2016 we received a Ministerial Direction under section 107 of the Crown Entities Act 2004 from the Ministers of Finance and State Services. This is a Direction to support a whole of government approach and sets out requirements for agencies to implement the New Zealand Business Number (NZBN). The NZBN has been created to enable improved electronic delivery of services.

As a Tier 3 entity under the Ministerial Direction, NZ On Air must have regard to six of the requirements and give effect to four requirements.

Progress

NZ On Air is implementing the requirements of the Direction where necessary. Since receiving the Direction, there have been no system changes. System changes are planned shortly and the requirements of the Direction will be implemented where possible.

